(c) and (d) ONGC has completed Minimum Work Programme (MWP).

Basis of hike in petro price

422. SHRI MOINUL HASSAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the recent petroleum and petro-product price hike has been made without proper assessment of the actual deficit of the public sector oil companies and on the basis of the vague term as "under-recoveries"; and

(b) whether Government is considering to revise or scrutinise the assessment?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) The under-recoveries of Public Sector Oil Marketing Companies (OMCs) on marketing of sensitive petroleum products were estimated at Rs.2.45 lakh crore in June, 2008 based on the approved principles of Import Parity pricing for PDS Kerosene and Domestic LPG and Trade Parity pricing for Petrol and Diesel.

The concept of "Under Recovery" was examined by the Committee on Pricing and Taxation of Petroleum Products, under the Chairmanship of Dr. C. Rangarajan, Chairman, Prime Minister's Economic Advisory Council. The Committee had *inter-alia* observed that:

"Refining of crude oil is a process industry where crude oil constitutes around 90% of the total cost. Since value added is relatively small, determination of individual product-wise prices becomes problematic. The Oil Marketing Companies (OMCs) are currently sourcing their products from the refineries on import parity basis which then becomes their cost price. The difference between the cost price and the realized price represents the under-recoveries of the OMCs"

(b) The under-recoveries of OMCs on marketing of sensitive petroleum products vary in line with movements in the international oil prices. The under-recoveries for 2008-09 which were estimated at Rs. 2.45 lakh crore in June, 2008 are currently estimated at Rs.1.47 lakh crore based on the prices of 2nd fortnight of October, 2008.

Oil import Bill

423. SHRI AMIR ALAM KHAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has assessed the impact of continued rise in prices of crude oil at the international level on the economy of the country;

(b) if so, the details thereof;

(c) the measures taken by Government to meet the situation and contain the prices of petroleum products in the domestic markets; and

(d) the total increase in the import bill of the country during the last two years?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) International Crude Oil prices have been on a consistent up-trend since 2003-04. Indian Basket of Crude Oil touched an all time high of $142.04 per barrel on 03/07/2008.

The high oil prices in the international market directly impact the cost price of petroleum products in the country. As passing on the entire impact of increase in the oil prices to the consumers would have resulted in a steep increase in the domestic prices of petroleum products, aggravated the inflationary conditions and weakened the high growth momentum of the economy, the Government has taken following measures;

(i) to ensure that the burden was equitably shared by all the stakeholders; namely, the Government, the Oil Companies and the consumers:-

- Issue of Oil Bonds by the Government to Public Sector Oil Marketing Companies (OMCs) to compensate them partly for their under-recoveries;
- Sharing of a part of the under recoveries by Upstream Public Sector Oil Companies by offering price discounts;
- Downstream oil companies to bear the remaining under-recoveries;

(ii) Reduction of Custom Duty on crude oil to Nil and on Petrol and Diesel to 2.5%;

(iii) Reduction of Excise Duty on unbranded Petrol and unbranded Diesel by Re. 1 per litre; and

(iv) Marginal increase in the retail selling prices of Petrol, Diesel and Domestic LPG by Rs.5/- per litre, Rs.3/- per litre and Rs. 50/- per 14.2 kg. cylinder respectively, effective 5th June 2008.

(d) The import bill for crude oil and petroleum products has increased by Rs. 60,516 crore and Rs.74,014 crore during the years 2006-07 and 2007-08 respectively, as compared to the previous years.

Exploration under NELP

424. SHRI ABU ASIM AZMI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government and the public sector oil companies have agreed to take steps to enhance energy security in the country;

(b) if so, the details thereof; and

(c) the details of the exploration made under New Exploration Licensing Policy (NELP) in different blocks, so far?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) Yes, Sir. Several steps have been taken/are in hand to